

MEMORANDUM FOR: [ ] - Office of the Director,  
Planning and Coordinating Staff

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SUBJECT : Comments on Program Analysis - Memorandum for  
SA/FC/DCI November 1955

1. The comments of the Office of the Comptroller on the above subject are as follows:

2. The efficient management of a large organization such as the Agency requires the performance of four primary functions.

a. A determination of Agency objectives to be attained which then becomes the yardstick against which results can be measured.

b. The maintenance of a current plan designed to achieve Agency objectives within given time limits.

c. The development of a system of periodic reports on the progress being made toward the accomplishment of planned activities. These reports should be in the same terms as the plan.

d. A system for the review and analysis of Agency programs.

3. We in the Comptroller's Office consider the term "program analysis" to mean a system of review and analysis in order to:

a. Evaluate the progress of operations toward the achievement of Agency objectives.

b. Measure and report on performance against approved operating plans and standards, including cost relationships.

c. Measure and report on the effectiveness of Agency policies and the procedures employed to carry them out, and

d. Appraise continuously the effect of Agency policies on economic, governmental, political, and social forces and the effect these forces have on the operation of Agency programs.

4. We are aware that most of this is being performed, in part, in various segments and at various levels in the Agency but no systematic attempt has been made to bring these segments together, to

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highlight and evaluate activities, and to present a coordinated picture to the top management of the Agency in a manner which would enable the Director to detect weaknesses, the failure to attain objectives, the necessity for changing objectives, and areas requiring immediate corrective management action.

5. The Comptroller is charged by Agency Regulation [ ] 5 April 1954, with developing and maintaining an effective program and financial analysis system and the preparation and distribution of analytical reports and statements. Since operational data generally have not been made available, this office has been limited to the development of a system for the analysis of financial activities and to presentation of Agency statements without regard to a review and analysis of the progress being made in attaining Agency operational program objectives.

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6. The viewpoint of the Office of the Comptroller has been that, rather than look at activities from a purely operational or financial point of view, operational data should be merged with financial facts and statistics and the efficacy and effectiveness of Agency activities evaluated. The Inspector General when making the survey of the Office of the Comptroller apparently arrived at the same conclusion. This consolidated approach highlighting what was done, how it compared with operational plans and the financial plan, what did it cost and was it worth the amount expended, should have wider application in order that operating officials would be made aware of the desirability of such an approach and would make use of the data developed. In discussions with representatives of the Inspector General, a question was raised as to whether the Comptroller, the operational elements, or an independent body should perform this kind of analysis.

7. The inspection of expenditures incurred by a project or under an Agency program is a normal accounting function of the Comptroller. The Comptroller in this Agency has progressed beyond the mere routine inspection of project and program expenditures. Financial data have been accumulated on an Agency wide basis and an analysis of financial plans has been undertaken. A consolidated statement of financial position has been prepared at regular intervals and forwarded to the Director and the Deputy Directors. This, however, is only one part of a program analysis system.

8. The use of the budget is not a program analysis system in the broad meaning of the term. The budgetary process is designed to:

a. Insure the compilation of data to be used in obtaining policy decisions.

b. Assemble data after obtaining required policy decisions and prepare a document adequate to secure from Congress sufficient funds to carry out planned operations.

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c. Review financial requirements, participate in evaluation and justification of budgetary requests and revisions of Agency operational requirements.

d. Allocate within the limits of funds appropriated amounts sufficient to carry out approved activities.

e. Insure the maximum utilization of funds made available by requiring the development of records and reports which will show the progress being made in this regard.

f. Determine fund requirements for the next fiscal year, the justification for the request and the consistency of the level of proposed operations within the known limits placed on availability of funds.

When in the course of this activity obligations and expenditures are reported to the budget offices, they have no way, in the absence of a coordinated reporting system, of determining whether the progress being made by a program is good, bad, or indifferent and generally will not be able to evaluate the degree of success in attaining a project or program objective. The development of data as a result of the budgetary process, therefore, is only part of a program analysis system.

9. Program analysis at the very top of the Agency would not be concerned solely with funds and their distribution. At that level the organization or group performing the analysis would merge operational data with the financial facts and statistics, measure the progress toward attaining objectives, and evaluate the accomplishments of Agency organizational elements.

10. We do not feel that the Project Review Committee as presently constituted could perform a current program analysis on a continuing basis unless a staff is created to accumulate the data and present continuing analytical reports to the PRC for action.

11. We recognize that the establishment of another staff at a time when the policy of the Agency is to reduce personnel strength may not be considered desirable or practical. Therefore, we are faced with the problem whether there exists in the Agency a group qualified to assume the entire function or whether there is a need for the establishment of another group.

12. Agency objectives have been established and plans prepared by various elements for accomplishing the objectives. The accounting system maintained by the Comptroller and the budgetary processes have developed financial and statistical data on Agency activities. The operating elements have accumulated data on the progress made and the degree of accomplishment in meeting Agency objectives. Supplementing these are reports by the Inspector General, the Inspection

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and Review Staff, DD/P, Management Staff, DD/S, and others. These sources contain data which, if fully utilized, would provide adequate information for an analysis of Agency programs. What is lacking is a system of reports which will coordinate the data available and present an organized picture of the progress being made, an evaluation of the results obtained, and the cost involved. Once a unified reporting system is set up, the data can be coordinated, the chain of command can be presented with the facts, the progress being made toward the achievement of Agency objectives can be measured, performance can be compared with operating plans and standards, and the differences and deviations between the programs as planned and as achieved can be explained. We believe this would accomplish the objectives the Inspector General had in mind.

E. R. Saunders  
Comptroller

PAS/PAC:kdm (2 February 1956)  
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1 - Signer  
1 - PAS Subject  
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